Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

NIE 31-57
11 June 1957

SECRET

Nº 311

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 31-57

YUGOSLAVIA'S POLICIES AND PROSPECTS

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 11 June 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

SECRET

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This estimate was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient indicated on the front cover and of persons under his jurisdiction on a need to know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

a. Special Assistant to the Secretary for Intelligence, for the Department of State
b. Assistant Chief of Staff, Intelligence, for the Department of the Army
c. Director of Naval Intelligence, for the Department of the Navy
d. Director of Intelligence, USAF, for the Department of the Air Force
e. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
f. Director of Intelligence, AEC, for the Atomic Energy Commission
g. Assistant Director, FBI, for the Federal Bureau of Investigation
h. Assistant Director for Central Reference, CIA, for any other Department or Agency

2. This copy may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Central Reference, CIA.

3. When an estimate is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the estimate should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC–D–69/2, 22 June 1953.

4. The title of this estimate, when used separately from the text, should be classified:

FOR OFFICIAL USE ONLY

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

DISTRIBUTION:
White House
National Security Council
Department of State
Department of Defense
Operations Coordinating Board
Atomic Energy Commission
Federal Bureau of Investigation

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

YUGOSLAVIA'S POLICIES AND PROSPECTS

THE PROBLEM

To review Yugoslavia's internal situation and external policies, and to estimate probable developments in these respects.

CONCLUSIONS

1. The Yugoslav Communist dictatorship remains strong and apparently cohesive. Although there are chronic economic difficulties, widespread anti-Communist sentiments among the populace, and antagonistic attitudes among various nationality groups, these do not now pose a threat to political stability. The regime has successfully resisted Soviet pressures and maintained Yugoslavia's independence on the international scene. A serious challenge to its control is improbable unless party unity should break down, and this development appears unlikely except possibly in the event of Tito's death. (*Paras. 7, 9–10, 32, 34–37*)

2. We believe that Yugoslavia will continue to maintain its independent foreign policy, avoiding alignment in the East-West struggle. While continuing to criticize the inflexible attitudes which it perceives in the two blocs, Yugoslavia will nevertheless continue to recognize the bargaining power it gains from the struggle and would view with anxiety any drastic changes in the power balance. (*Para. 44*)

3. Barring the improbable event of substantial new Soviet concessions to Yugoslav views on national independence, the Yugoslavs are unlikely for some time to develop relations with the USSR as close as those prevailing in the 1955–56 period. However, they will continue to moderate public expression of differences and will seek opportunities to expand economic and political contacts with the Sino-Soviet Bloc, hoping to exercise some influence toward the emergence of national Communist regimes. (*Paras. 46–47*)

4. In the face of Moscow's campaign to impose ideological orthodoxy on the Satellites, the Yugoslavs are giving particular attention to their relations with Poland and Communist China. Tito will continue to cultivate these and any other Bloc states that demonstrate some ability to determine policy without complete Soviet dictation. He will also seek to establish special relations with the neutralist powers and with a wide variety of Socialist parties and organizations in the interest of his personal prestige and in an effort to make Yugoslavia a leader of political forces uncommitted to either Bloc. (*Paras. 30, 50, 53*)

5. Yugoslavia's continuing need for outside economic aid and political support

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

will make friendly relations with the West, and particularly the US, an important concern, though cooperation with the Western powers in the military sphere will remain limited. Present levels of US aid enable the Yugoslavs to carry on development programs that they would be loath to abandon. Were US aid to be curtailed, the Yugoslavs would be receptive to greater assistance from Bloc sources, though not at the price of surrendering their independent position. (*Paras. 54–56*)

6. There is no figure of Tito's stature to replace him, and a crisis in party leadership could arise after his death, particularly if this coincided with an international crisis or major internal difficulties. However, we believe it likely that there will be a relatively peaceful emergence of a national Communist successor regime which will continue the policy of nonalignment rather than risk a renewal of domination by the Soviet Union. (*Paras. 37–43*)

DISCUSSION

I. BACKGROUND AND CURRENT SITUATION

Internal Position of the Regime

7. The power of the Yugoslav Communist dictatorship in the country remains intact. It retains the basic features of a Communist regime — one party rule, police controls, a planned economy, and continued allegiance to its own version of Marxist-Leninist ideology. Tito still holds dominating authority; and, despite some individual apostasy, the Communist leadership appears to have remained cohesive and free of serious factionalism. One important element in the domestic strength of the regime has been its success in resisting Soviet pressures.

8. Nevertheless, Tito's regime continues to face chronic popular discontent, particularly among the peasantry, who comprise about 60 percent of the population. There have also been some signs of dissatisfaction with the regime's policies among youth. The departures from Soviet administrative patterns which were introduced gradually after the break with the USSR were largely directed at overcoming domestic apathy and hostility. In an attempt to broaden popular support, Tito abandoned forced collectivization and gave to factory workers' councils limited participation in the direction of enterprises and distribution of surplus profits. Changes in the economic plan for 1957 give greater weight to consumer goods production, apparently in an effort to increase popular support.

9. The regime has made considerable efforts to modify the traditionally strong and divisive antagonisms between the various nationalities, granting to the six Republics equal parliamentary rights and a certain degree of local autonomy. While it has succeeded for the time being in containing nationalist and separatist forces, they have not been eliminated. The policy of building up the economically backward Republics has stimulated discontent in relatively more advanced Croatia and Slovenia; the fear of Serb domination, historically prevalent among the other nationalities, has probably not lessened; and in Croatia and Macedonia there are still separatist sentiments. Nevertheless, there is no indication that the chronic nationality problem represents a serious threat to the regime under present circumstances.

10. A more pressing problem for the regime is posed by Yugoslavia's basic economic backwardness. Ideologically committed to building a strong modern state, Yugoslavia has little heavy industry or native investment capital; many essential raw materials are in short supply; and there is a chronic trade deficit. The country is accordingly dependent on foreign grants and credits. Since 1950, most of these (some $714 million in economic

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

aid and $650 million in military aid) have come from the US. Crop failures have been frequent, and Yugoslavia has become a net importer of grain even in good years. Worker productivity remains low, and although the institution of the workers' councils was designed to provide incentives for greater output, it has sometimes tended to impede technical progress.

11. The fact that the industrial base was small and that considerable effort has been made to build increased plant capacity has permitted industrial production to increase in recent years at an annual rate of about 10 percent. In agriculture, however, no such progress has been made; the average annual production of wheat in the 1948–1956 period was only 87 percent of the average in the 1930–1939 period, that of corn only 77 percent, and the trend has been downward. Moreover, the regime has acknowledged that, since 1954, the real wages of urban workers have declined by 10 percent.

12. The regime considers its major economic problems to be low living standards in the urban areas, low labor productivity, inadequate agricultural production, and a chronic trade deficit. Current policy calls for a slowdown in the expansion of heavy industry in order to produce more consumer goods and to increase agricultural investment. An export drive is also planned. However, requests for a long-term aid agreement with the US indicate that Yugoslavia is unwilling and largely unable — without causing confusion and disaffection in the party — to make changes in internal economic policy sufficiently drastic to end dependence upon foreign assistance.

13. Yugoslav army and navy capabilities have not been materially affected by developments during the last year; but air force combat effectiveness has declined due to a variety of reasons, one of which is the US deferment of the delivery of jet aircraft. The Yugoslavs have emphasized their desire to reduce military expenditures (which continue to be about nine percent of national income) and have publicly stated that they seek no more foreign military aid from the West except such replacement parts and backlog deliveries as the US has recently agreed to send them. The Yugoslavs would strongly resist any invader. The armed forces are probably capable of effective defense against any one of the neighboring Satellite forces. If the Soviets intervened with strong forces, the Yugoslavs, unless provided with very substantial outside support, would be forced to cease all organized military resistance and to resort to guerrilla operations.

14. The Tito regime, in spite of developments of the past year, has probably not altered its basic defense plans against Bloc attack. These plans appear to emphasize two major objectives: (a) an initial vigorous defense of all national areas by the Yugoslav armed forces, and (b) a withdrawal, in maximum strength if required, to the "central mountain redoubt" in order to assure continuity of the regime and take advantage of possible Western military assistance. Except perhaps for Greece, the regime has continued to avoid being pinned down by the West on matters of mutual military defense, such as joint planning, cooperation, or coordination.

Foreign Policy

15. Yugoslavia's foreign policy reflects: (a) a strong desire to maintain national independence, (b) the Marxist-Leninist ideological predilection of its leaders, (c) the necessity of preventing European hegemony of any one great power, (d) the strategic need for friendly neighbors, (e) the continuing requirement for foreign economic aid, and (f) the unique political position of a Communist country outside the Soviet Bloc. These factors have produced a foreign policy of maneuver and noncommitment which seeks to use Yugoslavia's special situation to extract concessions from both sides.

16. The original break with the Cominform and subsequent fluctuations in Soviet-Yugoslav relations were largely the result of Soviet policy rather than Yugoslav initiative. From 1948 to 1953 the USSR submitted Tito to unrelenting economic and political warfare. Relations were partially normalized during the next two years at Moscow's behest,

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

and became increasingly close after Bulganin's and Krushchev's dramatic pilgrimage to Belgrade in June 1955. The high watermark of Soviet-Yugoslav rapprochement was reached during Tito's visit to the USSR in June 1956, when the Soviet leaders treated him to a triumphal tour and formally acknowledged the equality of the two Communist parties and the validity of "separate roads to socialism."

17. In endeavoring to remove the hostility between themselves and Tito, the Soviet leaders intended to promote and exemplify their general policy of coexistence. They hoped at least to loosen Yugoslav ties with the West; they may also have believed that a loose working agreement with Yugoslavia could be gradually transformed into an effective realignment with the Bloc by means of frequent consultations, strengthened technical and economic ties, and continued cautious modification of Stalinist practices in Eastern Europe. The Soviet leaders appear not to have foreseen the political and ideological effects in the Satellites of restoring Tito to good standing in the Communist world.

18. On their side, the Yugoslavs welcomed these evidences of a changed Soviet attitude as removing the continuing threat of Soviet hostility and as affording them the opportunity to attain a position of influence in the Satellites. Accordingly, they accepted increased policy consultations with the USSR and other Bloc countries. They also expanded economic relations with the Sino-Soviet Bloc. The Bloc share of Yugoslav total trade rose from about 10 percent in 1955 to 23 percent in 1956. Yugoslavia accepted promises of $464 million in Bloc credits including a $175 million Soviet-East German credit for the Yugoslav aluminum industry.

19. Although the Yugoslavs have apparently consistently urged the USSR to modify its controls in Eastern Europe, they also appear to have sympathized with the Soviet position that reforms must be cautious and gradual in order to avoid chaos and insure continued Communist rule. In late June 1956 there were some indications of accommodation to Soviet policy in Yugoslavia's initial endorsement of the Soviet line on Western involvement in the Poznan riots.

20. The extent of the Yugoslav-Soviet rapprochement was always limited by the Yugoslavs' refusal to subordinate their policy-making independence in any substantial way to the dictates of the "socialist camp headed by the USSR." But it was Soviet misgivings about the course of events in the Satellites that brought about serious strains in the relationship in the second half of 1956 and led to renewed attempts to isolate Yugoslavia from the rest of Eastern Europe.

21. The Soviet-Yugoslav rapprochement, particularly as manifested in Tito's visit to Moscow in June 1956 and the subsequent communique, further stimulated popular pressure within the Satellites for a relaxation of Soviet controls. In these circumstances, the USSR attempted to apply one standard to Yugoslavia and another to the Satellites. Public Soviet statements on the dangers of "national communism" in the early summer of 1956 were followed by a circular letter to the Satellites in September, which reportedly warned against close affiliation with Yugoslavia and implied that Soviet collaboration with Tito did not signify an endorsement of his policies but was merely a tactical move to bring him back into the fold.

22. The extent and nature of the proposals made to the Yugoslavs during the exchange of top level Soviet-Yugoslav visits in September 1956 are unclear. Yugoslavia continued to sustain a friendly posture towards the USSR, apparently hoping that developments in Hungary following Rakosi's removal and the reluctant Soviet acceptance of the new Gomulka regime in Poland meant that national Communist regimes were in any event coming into being in Eastern Europe.

23. The Hungarian revolution initiated a critical period in Soviet-Yugoslav relations. The Yugoslav leaders were disconcerted by the initial use of force in Hungary, but were also distressed by the temporary success of anti-Communist forces. Thus, the Yugoslavs appeared relieved that Soviet action had saved

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Communism in Hungary. Though they criticized certain aspects of Soviet conduct and continued to urge reforms in Hungary, they justified the second Soviet intervention as a "necessity" and backed the Kadar government.

24. The USSR and the Stalin-installed Satellite leaders, nevertheless, began privately to blame Yugoslav influence for Soviet troubles in Eastern Europe. These criticisms soon came into the open when *Pravda* reprinted an Albanian attack on Yugoslavia. Tito answered in an important speech on 11 November, which placed the blame for conditions in Eastern Europe on Stalinist survivals within the USSR and the Satellites.

25. A controversy ensued which, though ideological in form, was in fact concerned with the conflicting national interests in Eastern Europe of the USSR and Yugoslavia — the former anxious to re-establish solidarity in its Satellite empire, the latter seeking a lesser measure of Soviet control which would enhance Yugoslav security and potential influence in the area. Despite Yugoslav efforts to keep the controversy on an ideological level, the USSR in mid-February 1957 shifted its campaign to what was in effect a direct attack on Yugoslav governmental policy, warning that the favorable development of Soviet-Yugoslav state relations depended on a change in Yugoslav attitudes. This threat was followed by Soviet postponement for five years of major deliveries under the developmental credits promised to Yugoslavia in 1956 and blunt accusation that the Yugoslavs had given practical support to Imre Nagy and the revolt in Hungary.

26. By April 1957 Belgrade's relations with most of the East European states were at their lowest point since the post-Stalin rapprochement began in 1954. Although the Soviet agreement to continue trade through 1960 indicated that the USSR did not intend to return to the virtual economic blockade of 1948–1952, Kadar's recent equation of national communism with fascism was reminiscent of the polemics of that period. In one respect Albania went even further than in the 1948–1952 period by hinting at irredentist claims on Yugoslavia's Albanian-populated territory.

27. In reaction to the latest Soviet attacks, the Yugoslavs have reasserted their opposition to blocs, their refusal to join the "socialist camp," and their determination to defend their "road to socialism." They contend that socialist forces are moving ahead in so many places and ways as to make obsolete the USSR's concept of irreconcilable struggle between two world power blocs, one wholly socialist and the other wholly capitalist. Nevertheless, the Yugoslavs have been anxious not to cut themselves off from more orthodox Communists. They are committed to the view that Soviet policy is still in a state of flux, and that they must preserve their capability for influencing developments within the orbit. Despite unremitting attacks on Tito by the Stalinist French Communist Party, the Yugoslavs recently welcomed a delegation from that party to Belgrade. Their guarded increase in friendly gestures toward the West has been accompanied by patient rationalizations of Soviet behavior, blaming hostile actions on Stalinist elements rather than on the Soviet regime as a whole.

28. The sudden gestures of friendship toward Yugoslavia emanating from Moscow at the recent Soviet-Albanian talks were loaded with conditions which Tito quickly rejected in an important speech on 18 April. Tito made clear that he would stick to his ideological guns, but affirmed his optimism that the Soviet leaders would recognize Yugoslavia's nonalignment policy and agree to live with it.

29. At the same time Tito warned the press to avoid further criticism of the USSR. By mid-May his efforts to end ideological polemics appear to have borne fruit. The Soviet press began writing about Yugoslavia in a more friendly tone; the Soviet leaders sent birthday greetings to Tito; and in mid-May the Kremlin reportedly sent a circular letter to the Satellite parties urging them, at least as a temporary measure, to improve relations with Yugoslavia despite ideological differences. The June visit by the Yugoslav secretary of national defense to the USSR raised the possibility of further steps toward a Soviet-

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Yugoslav rapprochement such as the resumption of the suspended Soviet development credits. However, there continued to be no indications that either side had given in on the important issues separating them.

30. In the face of Moscow's campaign to impose ideological orthodoxy on the Satellites, the Yugoslavs have concentrated their hopes and efforts on Poland and Communist China. The latter has never given the Yugoslavs much encouragement, while the Polish Communists, after initially expressing public agreement with many of the Yugoslav contentions in the ideological debate, have recently adopted a more reserved attitude. Nevertheless, the Yugoslavs see support for their position in Poland's and Communist China's general abstention from the anti-Yugoslav campaign and in their frequent references to equality among Communist parties. The Yugoslavs also claim to have detected, in the restrained tone used by Rumania in echoing the USSR's anti-Yugoslav line, signs of growing sympathy for the Yugoslav approach among leaders of that country.

II. PROBABLE DEVELOPMENTS IN YUGOSLAV DOMESTIC AND FOREIGN POLICY

Internal Stability

31. The stability of the Yugoslav state has in recent years rested to a large degree upon the cohesion of the Communist Party leadership under Tito. There is little prospect of any split in the leadership over fundamentals or of serious disaffection among the party rank-and-file. Although the party has declined in numbers in recent years and appears to have had little success in imparting its ideals to the postwar generation, its basic unity and hold over the population do not yet seem to have suffered seriously. Indeed, the fact that the Yugoslav Party is again purporting to defend the true principles of Communism in the face of renewed Soviet pressures may serve to revive much of its original esprit de corps.

32. Nevertheless, considerable evidence exists that during and for some time after the Hungarian revolt confusion prevailed within party ranks over both internal policies and the attitude to be taken toward the USSR and the West. Differences of opinion over economic plans arose between Kardelj, Tito's official deputy in the government and the party, and Vukmanovic-Tempo, the chief economic planner. These were resolved by a revision of the 1957 plan accepting Kardelj's recommendation to lay greater stress on investment in agriculture and production of consumers' goods. Conflicting influences were brought to bear on Yugoslavia's foreign policy by Soviet and Satellite pressures on the one hand and by the attitudes of its own populace and the West on the other. Within Yugoslavia, some fears arose that, with Western attention focused on Hungary and Poland, the West might be less inclined than earlier to compensate Yugoslavia for its renewed hostility to the USSR and less likely to view aid to Tito as a priority concern.

33. Although recent events are thus likely to produce in Yugoslavia some questioning of the country's ability to sustain its international position indefinitely, the party leadership will almost certainly continue to agree with Tito on the value of Yugoslavia's independent policies. Although elements favoring more concessions to Moscow almost certainly exist in the Yugoslav party, they are unlikely to be able to affect Yugoslavia's international orientation.

34. The Yugoslav leadership appeared to be seriously concerned about popular disaffection during the Hungarian rebellion. The regime took precautionary security measures, and there were no overt manifestations of discontent. Popular discontent is unlikely to acquire decisive political significance as long as the party machine remains unified, though the regime's control would probably be placed under considerable strain were Communist rule to be brought to an end in any East European state.

35. Although regional loyalties and pressures will remain a problem for the regime, rivalries between the nationality groups will continue to work against the formation of any unified opposition. Nationality grievances will prob-

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

ably be expressed principally in disputes over the distribution of economic benefits.

36. The regime will probably succeed in raising urban living standards over the next two years, if present policies and foreign economic aid continue. However, economic difficulties will continue, since the regime is unlikely to solve the basic problem of agricultural production in the near future. Further complications would arise if the regime were later to re-emphasize rapid industrialization. Although economic grievances will in many respects parallel those in other East European states, they are unlikely to lead to politically significant popular unrest unless the leadership loses its unity or its resolution in maintaining Yugoslav independence.

Post-Tito Prospects

37. Much of the domestic and international success of the regime has been dependent on the strength and prestige of Tito, and there is no figure of comparable stature to succeed him. His death or incapacitation would almost certainly bring to the fore a number of problems that have heretofore been kept under control rather than solved, and would thus introduce a new element of uncertainty into Yugoslav policies and prospects.

38. Possible developments in the wake of Tito's passing include:

(a) a period of crisis in which traditional nationality rivalries would reassert themselves and the unity of the Yugoslav state would break down.

(b) the emergence of a liberalized non-Communist regime as a result of extreme popular pressure, possibly with some such figure as Milovan Djilas serving as a political rallying point.

(c) the continuance of a Communist regime, with pro-Moscow elements gaining control of the party and government, probably after a period of internal crisis.

(d) the relatively peaceful emergence of a national Communist successor regime, either under a collective leadership or under a single figure such as Kardelj or security chief Rankovic.

39. The possibility of (a) rests on the fact that, while Tito has successfully manipulated the Serb-Croat rivalry during recent years and divided top government and party positions among these and other nationalities, it will become more difficult when he dies to maintain the balance against the pressure of traditional Serb dominance.

40. The possibility of (b) rests on the fact that the majority of the populace continues to be anti-Communist and that economic conditions remain unsatisfactory. Moreover, Djilas' call for freedom of thought and a liberalization of political institutions, dramatized by his expulsion from the party leadership and subsequent imprisonment, almost certainly reflects widely felt desires which could become politically important under conditions of crisis.

41. The possibility of (c) stems largely from the chance that the popular demand for a non-Communist government coupled with confusion in the party might force the Communist leaders to look to Moscow for support.

42. The likelihood of any of these three alternatives does not presently appear to be great. In view of the strength and apparent loyalty of the armed forces and the cohesion of the leadership, it seems improbable that either divisive nationality pressures or anti-Communist popular pressures could acquire decisive political importance except possibly in the case of a serious breakdown of Communist controls in neighboring countries. Anti-regime pressures will probably continue to be blunted by popular acceptance of the regime's claim to be responsible for the emergence of Yugoslavia as an important national state and fear of causing a swing back toward Moscow. The chances for (a) or (b) are likely to increase only if the unity of the partisan-hardened core of the Yugoslav Communist party declines sharply. Alternative (c) appears unlikely, since no top leader or group of military or police officials can presently be identified as favoring a return to the Bloc. Any future move by pro-Moscow elements to gain control would almost certainly encounter

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

powerful opposition within the party leadership as well as extreme popular antipathy to Soviet domination.

43. We believe that a post-Tito national Communist regime (d) is the most likely alternative, and that such a regime would seek to continue a policy of non-alignment rather than risk a renewal of domination by the Soviet Union. The leaders who would succeed Tito have worked together for a long time and almost certainly recognize the danger of a struggle for power. They helped devise Tito's non-alignment policy, are publicly committed to it, and have found it to bring satisfactory results. Accordingly, we believe they would not change this policy unless confronted with a combination of serious internal and external pressures.

Probable Foreign Policy

44. We believe that Yugoslavia will continue to maintain its independent foreign policy, avoiding firm alignments in the East-West struggle. While continuing to criticize the inflexible attitudes which it perceives in the two blocs, Yugoslavia will nevertheless continue to recognize the bargaining power it gains from the East-West struggle, and would view with anxiety drastic changes in the power balance. On ideological grounds and in the interest of its own internal stability, the Yugoslav regime cannot wish to see serious reverses for the Communist system in Eastern Europe; on the other hand, since the Soviet Bloc is the main threat to Yugoslav security and national independence, Yugoslavia sees its national interest served by the continued strength of the Western defensive system.

45. Tito almost certainly continues to believe that participation in general war would be disastrous for his regime. In the event of general war, Yugoslavia would probably seek to remain neutral, at least in the early stages.

Toward the USSR

46. In the present state of affairs, Yugoslav policy toward the USSR will continue to be largely a response to Soviet policy toward Yugoslavia and the Satellites. If, as appears likely, basic Soviet-Yugoslav differences continue for some time to come, the Yugoslavs will probably seek to continue friendly relations with the West. Such a policy would be motivated: (a) partly by economic considerations, since expectations of investment aid from the USSR have been disappointed, (b) partly by defense considerations, since the Yugoslavs do not wish to risk isolation in the face of Soviet hostility, and (c) partly by ideological and political considerations, since the Yugoslavs consider that Western European socialists have an important role to play in bridging the differences between the rival camps.

47. At the same time, the Yugoslavs will be alert for opportunities to cooperate with the USSR in avoiding public airing of differences, in sustaining trade with the Bloc at a high level, and in increasing other possible forms of interchange. The Yugoslavs will continue to support many Soviet policies and to claim vindication whenever even slight modifications of hard policies occur in the USSR and Eastern Europe. Since there will probably be a growing desire to decrease Yugoslavia's high defense expenditures, the Yugoslavs will be anxious to find signs of hope in Soviet policy and to explore the possibility of special relations with Communist China and certain other Bloc countries.

48. Nevertheless, for some time the Yugoslavs are unlikely to develop relations with the USSR even as intimate as those prevailing in the 1955-1956 period. The Yugoslav leaders have been subjected recently to harsh Soviet accusations; on several occasions Yugoslav counter-attacks have been equally sharp and have brought welcome popular support to the regime. The Yugoslavs have apparently concluded from the sudden postponement of major deliveries under the development loans extended to Yugoslavia in 1956 (including the $175 million credit for the aluminum industry), that Soviet promises of aid are too closely tied to political objectives to serve as the basis for long-term economic planning.

49. The conciliatory Soviet gestures that have been extended during and since the Soviet-Albanian talks of mid-April 1957 are unlikely

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

in themselves seriously to affect basic Yugoslav policies. Substantial new Soviet concessions to Yugoslav ideas on national independence would be required to reopen the courtship as it existed in the 1955-1956 period. Since the USSR is unlikely to feel able for some time to return even to the partial approval of Yugoslav ideas which it expressed in June 1956, the Yugoslavs will probably not receive such concessions. In the absence of these, prospects of expanded trade or economic aid from the East would probably not have substantial impact on Yugoslavia's non-alignment policy.

Toward other Bloc States

50. Tito will continue to cultivate special ties with Communist China, Poland, and any other state within the Bloc which demonstrates some ability to determine policy without complete Soviet dictation. The Yugoslav leaders will hope for a resumption of the cautious loosening of direct Soviet controls throughout Eastern Europe. Although shaken by the demonstrations of anti-Communist feeling in Hungary, the Yugoslavs almost certainly continue to believe that some kind of national Communist order remains possible in Eastern Europe, and they will not wish to cut themselves off from future opportunities to help bring it about. For reasons of security, Tito will devote particular attention to encouraging wherever possible a more friendly attitude toward Yugoslavia on the part of the neighboring Satellite regimes.

51. Although apprehensive about some of Gomulka's internal policies and somewhat jealous of his sudden international prominence, the Yugoslavs feel their own interests are involved in Poland's efforts to assert and maintain a more independent policy. Consequently, the Yugoslav regime will continue unobtrusively to support Gomulka, taking care not to prejudice his position in relation to the USSR. An overthrow of his regime or a drastically increased restriction on its ability to determine its own course would be regarded by the Yugoslavs as a blow to their policy of national Communism in Eastern Europe. If an overthrow were Soviet-sponsored, the Yugoslavs' sense of security would probably be disturbed by their belief that Soviet pressures on Yugoslavia would probably also increase.

52. The Yugoslav leaders will make serious efforts to discourage any renewed violence in the Satellites, fearing that a major outbreak there would confront them with grave uncertainties and might lead to domestic unrest. The Yugoslav reaction to any large-scale Satellite uprising would depend on the location and international context in which it took place. If such an uprising acquired a predominately anti-Communist rather than an anti-Soviet character, the Yugoslav leaders might abandon their anti-Stalinist propaganda and seek, at least temporarily, to cooperate with the Soviet Bloc in preserving Communist rule. But, since any outbreak for some time to come would probably lead to renewed Soviet accusations against the Yugoslavs, they would be more likely to find themselves in a controversy with the USSR.

Toward the Free World

53. Tito will continue and perhaps even increase his efforts to cultivate special relations with Nasser, Nehru, and other leaders of the Afro-Asian bloc. To satisfy his prestige and his ideological pretensions, Tito desires a growing group of uncommitted states in which he can play an influential if not dominant role.

54. Yugoslavia's continuing need for outside economic aid will combine with a desire for bargaining power with the USSR to make friendly relations with the US an important concern. The Yugoslavs will seek long-term development aid from the US and from Western Europe, which already provides most of Yugoslavia's industrial imports. They will probably also seek closer ties with Western European economic organizations, though they will continue wary of close association with NATO.

55. The Yugoslav interest in expanding relations with the non-Communist world is unlikely to extend to the sphere of military cooperation. The military aspects of Yugoslavia's only alliance, the weak Balkan Pact with Turkey and Greece, will probably remain

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

almost completely inoperative, unless the likelihood of Soviet aggression against Yugoslavia sharply increases. The informal bilateral military exchanges with Greece will probably continue primarily as part of an effort to develop a broadening community of interests with that country, although they also serve as an indirect link to NATO.

56. Increases or cuts in the level of US aid would not in themselves induce Tito to align himself definitely with the US or with the USSR. However, the contrast of recent Soviet cancellations with the relative constancy of US aid during the past six years has apparently produced a growing feeling among Yugoslav leaders that self-interest dictates the maintenance of friendly relations with the West for some time to come. Were US aid to be curtailed, the Yugoslavs would be compelled to cut back some of their development programs and would probably be confronted, at least for a time, with seriously increased economic stringencies. Under these circumstances, they would be more receptive to assistance from Bloc sources, though not at the price of surrendering their independent position.

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1

Declassified and Approved For Release 2013/07/10 : CIA-RDP98-00979R000400420001-1